

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-25 IO-14 ISO-00 SWF-02 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

CIEP-02 SP-03 STR-08 LAB-06 SIL-01 SAM-01 OMB-01

INRE-00 SSO-00 NSCE-00 AGR-20 L-03 JUSE-00 H-03 SS-20

NSC-07 /163 R

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TREAS:MMARKS

EUR/RPE:AALBRECHT

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O R 092123Z MAY 74

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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E.O. 11652: GDS

TAGS: ETRD, EEC

SUBJECT: DAIRY PRODUCT IMPORTS FROM THE EC--COUNTERVAILING
DUTY INQUIRY

1. TREASURY HAS HAD UNDER CONSIDERATION FOR SOME TIME A
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COUNTERVAILING DUTY COMPLAINT AGAINST IMPORTS OF BUTTER,

CHEESE AND NON-FAT DRY MILK FROM EC COUNTRIES. COMPLAINT ALLEGES THAT PAYMENTS UNDER CAP TO DAIRY FARMERS CONSTITUTE A PAYMENT OR BESTOWAL OF "BOUNTY" OR "GRANT" WITHIN MEANING OF U.S. COUNTERVAILING DUTY LAW. COMPLAINANT'S INTEREST IN CASE INTENSIFIED FOLLOWING LIBERALIZATION OF SECTION 22 IMPORT QUOTAS ON DAIRY PRODUCTS.

2. IN SEPT. 1973 TREASURY WAS SUED IN U.S. DISTRICT COURT BY COMPLAINANT, THE NATIONAL MILK PRODUCERS FEDERATION, SEEKING, AMONG OTHER THINGS, A WRIT OF MANDAMUS TO COMPEL A TREASURY DEPARTMENT DECISION ON COUNTERVAILING DUTY COMPLAINT. RECENTLY, FEDERAL DISTRICT COURT RULED THAT IT HAD JURISDICTION IN MATTER, OVERRULING JUSTICE DEPT'S CONTENTION TO CONTRARY. DECISION PRESENTLY ON APPEAL TO U.S. COURT OF APPEALS.

3. DURING THIS PERIOD, CONSIDERABLE CONGRESSIONAL INTEREST HAS DEVELOPED OVER TREASURY'S ALLEGED FAILURE TO ADMINISTER COUNTERVAILING DUTY LAW AGAINST DAIRY PRODUCT IMPORTS FROM

EC. TREASURY SEC. SIMON WAS ASKED AT HIS CONFIRMATION HEARING SPECIFICALLY WHAT HE WOULD DO TO ARRIVE AT FINAL DECISION ON CASE. FYI: IN A LETTER TO CHAIRMAN LONG, SEC. SIMON STATED "...I AM ORDERING MR. MARKS AND, PROVIDED HE IS CONFIRMED, MR. MACDONALD, TO INTENSIFY THE INVESTIGATION OF DAIRY PRODUCT EXPORTS FROM THE COMMON MARKET TO THE U.S. AND TO REPORT BACK TO ME CONCERNING THIS DEPARTMENT'S CONCLUSIONS AS TO THE APPLICABILITY OF THE COUNTERVAILING DUTY LAW WITH RESPECT TO THESE EXPORTS. IN THE EVENT THAT THE DEPARTMENT CONCLUDES AS A RESULT OF THEIR REPORT THAT THE COUNTERVAILING DUTY LAW SHOULD BE APPLIED, ALL NECESSARY ACTION WILL BE TAKEN TO ENFORCE THE LAW." END FYI.

4. WITH THIS BACKGROUND IN MIND, TREASURY CONSIDERS THAT IT MUST INITIATE A COUNTERVAILING DUTY INQUIRY WHICH WOULD INCLUDE VISITS BY U.S. CUSTOMS OFFICIALS TO THE COUNTRIES CONCERNED. TREASURY HOPES THAT CUSTOMS TEAM COULD BEGIN ITS WORK IN BRUSSELS APPROXIMATELY MAY 20. THE VISIT TO BRUSSELS WOULD BE FOLLOWED BY VISITS TO CERTAIN MEMBER LIMITED OFFICIAL USE

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STATES AS APPROPRIATE.

5. CUSTOMS HAS ALREADY OBTAINED CONSIDERABLE DOCUMENTARY INFORMATION FROM FAS CONCERNING PAYMENTS UPON EXPORT UNDER THE CAP IN REPORTS PUBLISHED BY THE EC. HOWEVER, THERE ARE NUMEROUS TECHNICAL QUESTIONS RELATING TO ALLEGED PAYMENTS THAT CAN BE ANSWERED ONLY THROUGH DISCUSSIONS WITH APPROPRIATE EC OFFICIALS AND OFFICIALS IN THE MEMBER STATES.

6. WE ARE FULLY AWARE OF THE ISSUES WHICH MAY ARISE IN RELATION TO SUCH AN INVESTIGATION AND THAT THE EC AND ITS MEMBER STATES MAY VIEW THIS INQUIRY WITH SERIOUS CONCERN. TREASURY IS THEREFORE PREPARED TO SEND DEPUTY ASSISTANT SECRETARY MATTHEW MARKS TO BRUSSELS TO EXPLAIN FULLY TO EC OFFICIALS WHY THE INQUIRY IS NECESSARY, HOW IT WOULD BE CONDUCTED, AND THE NATURE OF THE INFORMATION NEEDED, PROVIDED EC OFFICIALS WOULD CONSIDER SUCH A VISIT HELPFUL.

7. IN ORDER FOR THE VISIT TO BE USEFUL, IT SHOULD TAKE PLACE AT LEAST A WEEK IN ADVANCE OF THE ARRIVAL OF THE CUSTOMS TEAM IN ORDER TO GIVE APPROPRIATE EC OFFICIALS OPPORTUNITY FOR PROPER PREPARATION. WOULD APPRECIATE IF MISSION COULD CABLE EC'S REACTION TO PROPOSED MARKS VISIT BY COB MAY 10. IF AFFIRMATIVE, MARKS' SCHEDULE IS SUCH THAT MEETINGS SHOULD, IF AT ALL POSSIBLE, BE HELD MAY 17.
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Message Attributes

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Disposition Authority: golinofr
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Disposition Event:
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